

# **Exhibit 5**

October 24, 2016

**Dean's Evaluation of Professor Richard Lowery**

I recommend the promotion of Professor Richard Lowery to the rank of Associate Professor in the Department of Finance. This recommendation is partially supported by the department's Budget Council with a vote of eight in favor of promotion and one against promotion, supported by the department chair, Professor Robert Parrino, and fully supported by School's Promotion and Tenure Advisory Committee with six votes for promotion. The Committee makes the following comments about Professor Lowery's academic record:

Professor Lowery's research record is strong. His research focuses on understanding the role of institutions and markets in overcoming difficult financial market information problems which he addresses both as an applied theorist and a structural modeler. As evidence of his research distinction, he was awarded the 2016 McCombs Research Excellence Award for Assistant Professors.

The committee recognizes that his teaching ratings were significantly lower than the college average from spring 2010 to fall 2014 when he was the instructor of two undergraduate finance courses, Money and Capital Markets and Business Finance. In both of these courses, the committee assessed that he had significantly enhanced the rigor ... The committee noted that his peer observations for Fall 2015 compared to earlier peer observations showed that he successfully enacted changes with substantial improvement in course delivery, level of active class discussion, and management of the classroom environment for the new course he was asked to teach a more advanced course - Financial Risk Management. The committee affirms the position of the Finance Budget Council that his teaching record has improved substantially and meets our standards for tenure.

The committee strongly supports Professor Lowery's promotion to associate professor with tenure.

Professor Lowery's research record clearly supports the case for promotion. This is evidenced by the quantity and quality of his work, the strong views of the external reviewers, the Department Budget Council, the Department Chair, and the School's Promotion and Tenure Advisory Committee. There were some concerns raised, especially course instructor survey results received early in Professor Lowery's career, that are below our average (overall instructor averages of 3.2 and 3.3 for his two BBA courses compared to departmental and college averages of approximately 4.3 and 4.1). Professor Lowery's most recent teaching evaluations for Financial Risk Management in 2015 show a dramatic improvement, with a 4.5 and 4.8 overall instructor rating for the two BBA sections and a 4.5 for the MBA section. Additionally, the student comments from these courses shows a significant increase in student satisfaction with the course and Professor Lowery's teaching style. The improvement is likely the result of Professor Lowery's concerted effort to improve his teaching style as outlined in his teaching statement. Further evidence of the improvement to his teaching can be seen in his most recent peer observations conducted by the department that indicate a significant improvement in both the delivery of the material and his interactions with the students. The only other concern to my

knowledge has been Professor Lowery's collegiality, but I attribute part of this to recent events and am confident that once this decision is behind him, he will return to being a positive force within the department and School.

Thus, on balance, Professor Lowery presents a strong case for promotion, with excellence and impact in research, a demonstrated ability to contribute to our teaching mission, and a promising future as a scholar.

### **Education/Academic Positions**

2009	Ph.D., Economics, Carnegie Mellon University
2009 to present	McCombs School of Business, Assistant Professor, Finance

### **Research**

Professor Lowery has made significant and impactful contributions through his research. This research focuses on several major areas: Informational analysis, initial public offerings (IPOs) and dynamics within the investment banking industry, and financial-firm reputation. Due to his background and strong interest in understanding the role of institutions and markets in overcoming informational problems, a significant part of his research is devoted to developing a better understanding of the financial industry. Professor Lowery addresses research questions from multiple perspectives, as an applied theorist, a structural modeler and an experimental researcher. “The ability to do both theoretical and empirical work is a significant strength ... Professor Lowery is one of relatively small and dwindling group of scholars who do both,” states Professor Scharfstein of Harvard Business School. Professor Hennessey of London Business School also points out that Professor Lowery is “one of a small number of researchers in the field attempting to bridge the gap between theory and data.”

Professor Lowery has developed a strong research profile in information acquisition and as a result, has produced a series of high-quality papers in finance and its related fields. He tackles big-picture questions challenging key foundations in finance, including whether too many talented people go into finance and whether from a social perspective the finance sector of the economy has grown too large. The impact of these two articles has been significant, as reflected in the comments of Professor Bond of the University of Washington: “I very much like this pair of papers... Together, they succeed in clearly articulating a set of forces that lead banks to employ too many talented people in their trading divisions. Moreover, these papers produce new and surprising insights...” Professor Bond also states that these papers “will have a big influence on future literature.” Professor Wilhelm of the University of Virginia expects “one or more of these papers to be reference points for the foreseeable future.” Similarly, Professor Fishman from Northwestern University could see both papers being covered in a Ph.D. class. Professor Philippon of New York University thinks that these are Richard’s “most significant publications so far, in the sense that they explore a new area and provide benchmark results that other researchers will build on.”

In Professor Lowery's structural estimation of regulatory incentives, as Professor Hennessey points out he "tackles another important and topical question: Do regulators close distressed and failing banks in an optimal way?" and he adds that ..."it is an example of structural work at its best." Professor Goldstein of the University of Pennsylvania calls this research "an impressive piece of work."

Professor Lowery's research record is excellent with seven publications, including six articles published in top finance and business journals (three in the *Journal of Finance*, two in the *Review of Financial Studies* and one in *Management Science*), as well as an additional publication in a relatively new, up-and-coming finance journal (*Review of Corporate Finance Studies*). In addition, he has a reasonable pipeline with working papers in various stages of development, and we expect him to continue to produce at an above-average level. His level of productivity is notable as compared either across the profession or relative to our own historical standards for promotion and tenure. This statement is further confirmed by Professor Goldstein: "This is a high rate of productivity for an assistant professor in finance, comparable to people who get tenure at the very top schools." Professor Lowery has written with a number of different co-authors, including a former Ph.D. student and other junior faculty. Lest there be any concerns over author order, it is worth noting that in the finance discipline, author names are almost always listed in alphabetical order, absent an intent to send a signal about disproportional contributions.

As evidence of his research distinction, he was awarded the 2016 McCombs Research Excellence Award for Assistant Professors and he was recently featured as one of two invited speakers at the 2016 Oxford Financial Intermediation Theory Conference. He was also awarded Honorable Mention of the Terker Family Prize in Financial Research in 2010.

## **Teaching**

Since joining the McCombs School of Business, Professor Lowery has delivered three courses for our BBA program, one course for our MBA program, and one course for our MS Finance program for a total of 18 sections. Professor Lowery's teaching responsibilities have included Money and Capital Markets (FIN 371M), a three-credit BBA undergraduate elective, Business Finance (FIN 357), a three-credit BBA course required for all business majors, Financial Risk Management (FIN 377) a three-credit BBA undergraduate elective, and Financial Risk Management (FIN 397.4), a three-credit MBA course. In addition to these courses, Professor Lowery also taught a course for the MS Finance Program, which mirrored the undergraduate course, but at a higher level. This is a higher number of course preparations than generally experienced by assistant professors at the McCombs School.

Money and Capital Markets is an elective for students who major in Finance. This course has an average of 30 students per section and as an upper-division course, it is designed to provide students with quantitative applications and theory in the analysis and management of securities and portfolios. Professor Lowery uses a combination of lectures, slides, in-class experiments, and a textbook to aid students' knowledge and eventual application of the material.

Business Finance is an introductory course required of all business majors. The course averages 45 to 55 students per section and focuses on the principles of finance such as the cost of capital, investment decisions, management of assets, and procurement of funds.

The undergraduate course in Financial Risk Management is a further elective course in investments, with emphasis on quantitative applications and underlying theory in the analysis and management of securities and portfolios. The MBA course studies how firms manage their financial risk exposures and how they use derivative securities. Professor Lowery uses a combination of case studies, class-room exercises, and trading games to aid students in learning the material.

As mentioned above, Professor Lowery appears to have found a good home in the classroom with the Financial Risk Management course. It is worth noting that this is a technical course with a reputation as a difficult elective, and was not designed specifically for Professor Lowery. Thus, he has succeeded at delivering a course that has been thought of as difficult to deliver.

Summary of Professor Lowery's instructor ratings:

FIN 371M: Money and Capital Markets

Spring 2010 – instructor rating 3.1  
Spring 2010 – instructor rating 2.6  
Spring 2011 – instructor rating 3.6  
Spring 2011 – instructor rating 3.3  
Spring 2011 – instructor rating 2.8  
Spring 2012 – instructor rating 4.1  
Spring 2012 – instructor rating 3.0  
Spring 2012 – instructor rating 3.1  
Fall 2012 – instructor rating 3.3

FIN 357: Business Finance

Fall 2013 – instructor rating 3.5  
Fall 2013 – instructor rating 3.2  
Fall 2013 – instructor rating 2.7  
Fall 2014 – instructor rating 3.4  
Fall 2014 – instructor rating 3.9

FIN 377.2: Financial Risk Management

Fall 2015 – instructor rating 4.8  
Fall 2015 – instructor rating 4.5

FIN 397.4: Financial Risk Management

Fall 2015 – instructor rating 4.5

## **Service**

Since arriving in 2009, Professor Lowery has served in a formal committee setting, as well as within the department, university and academic community. In the 2014-15 academic year he served on the Department of Finance's ad hoc committee tasked with standardizing the core introductory finance course (FIN 357), with the goal of establishing course objectives that maximized compatibility and quality instruction. This standardization was put into effect in 2015 and the results appear favorable to date.

He assisted with the recruiting of new faculty by participating in interviews and meeting with candidates during campus visits. He has also assisted with the production and evaluation of the Ph.D. exams. He has further assisted the department in assessing papers for conferences.

His academic service has consisted of refereeing papers for a number of finance journals including *The Journal of Finance*, *Review of Financial Studies*, *Review of Finance*, and *Review of Corporate Finance Studies*. He has also served as a discussant at several annual finance meetings, and has been on the program committee of the annual Western Finance Association Conference and the Finance Down Under Conference.

## **External Letters**

The eight external reviewers were unanimous in supporting Professor Lowery's promotion with tenure. Here are a few highlights:

“By my count, Lowery has 6 A Level publications. When we look to quality of work, I have a positive view. Lowery’s structural work is ambitious and such projects are very demanding. Lowery’s theoretical work is relevant and interesting.” – London Business School

“Richard is a serious scholar doing original and interesting research. His research approaches issues with new models and generates new insights.” – Northwestern University

“Richard compares favorably with researchers in his cohort in the top 10 finance departments worldwide. His promotion would strengthen your department on the corporate finance and applied theory side. He has proven research abilities, he has strong potential for future achievement, and I think that he will be well cited and recognized.” – New York University

“In my opinion he has built a strong and coherent research agenda around a body of work that is creative, subtle, and quite rigorous. He has demonstrated a willingness to take risks in the sense that he is not simply extending existing work by other researchers. These are characteristics of a confident and highly skilled researcher. With this foundation in place, I would project for him a very productive research career.” – University of Virginia

“In summary, this is in my view a very easy case. I enthusiastically recommend that you promote and tenure Richard Lowery. He has been productive and has a good trajectory. He is likely to get tenure in most finance departments and he will greatly contribute to your faculty and its reputation.” – University of Pennsylvania

“Professor Lowery’s work is rigorous, ingenious, and quite creative...Professor Lowery is well regarded in the profession and is establishing himself as one of the most promising young scholars. He has certainly demonstrated the ability to generate high quality work and I am very confident he will continue down this path. I strongly believe that Professor Lowery has the (sic) earned the record to be promoted to Associate Professor.” – University of North Carolina



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